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SUBJECT: Argentina: Transport Secretary Resigns; Other Key Changes
Rumored

Ref: A) Buenos Aires 0752, B) BUENOS AIRES 0742

Summary

¶1. (SBU) Ricardo Jaime, Argentine Secretary of Transportation, resigned on July 1 in the face of numerous criminal charges on grounds of alleged corruption. His replacement is close to one of the President's most trusted advisors. Several other changes are rumored to be close, or even to have already happened, but aside from Health Minister Ocana's resignation on June 29 (Ref A), none have yet materialized, and the rumored replacements are generally administration insiders. Though clearly facing more opposition than before losing their Congressional majority in mid-term elections June 28, the GoA has not given any clear indications that it is changing course. End Summary

¶2. (SBU) On July 1, controversial Secretary of Transport Ricardo Jaime resigned from his position. His replacement will be Juan Pablo Schiavi, the current head of the GoA's Railroad Infrastructure Administration (AIF). Jaime, who is widely seen as having answered directly - and only - to former President Nestor Kirchner, is presently facing at least 25 criminal charges for alleged corruption during his tenure in Transport. One such case involves cocaine smuggled from Argentina to Spain on a now-defunct cargo airline in 2005, and another because Jaime has been frequently seen as a passenger on a \$4 million Lear jet. While the resignation was reportedly due to "personal reasons" and his own choice rather than at the behest of one or both Kirchners, the criminal charges likely played a role. According to an article in La Nacion on July 2, three government ministers once heard President Cristina Fernandez de Kirchner (CFK) yell at her husband, Nestor, "How long have I been telling you that you'll end up in jail because of Jaime?"

¶3. (SBU) While Jaime apparently took orders from Nestor Kirchner, he ostensibly answered to Planning Minister Julio De Vido. Jaime's replacement, Schiavi, appears more closely linked to De Vido, according to press reports. In 2003 Schiavi managed the unsuccessful mayoral campaign of current Buenos Aires Mayor Mauricio Macri, but broke those ties in 2005. He became Minister of Planning for the city of Buenos Aires in 2006, and supposedly developed his close ties to De Vido while in that role. He assumed his current role in 2008 at De Vido's request, when the AIF was created.

¶4. (SBU) Jaime's resignation comes amid a swirl of rumors of other

resignations and reassignments within the Kirchner administration. Among these is the potential resignation of the polemical Secretary of Internal Commerce Guillermo Moreno, long seen as the enforcer of GoA efforts to control prices and limit capital outflows, both through direct pressure on companies and by manipulation of official statistics. Moreno is reported to have offered his resignation to CFK July 1, but she refused to accept it. In press reports, rumors of his resignation had been greeted with rejoicing by several members of the private sector.

15. (SBU) Minister of Economy Carlos Fernandez is also rumored to be on his way out. Potential replacements include current Minister of Production Debora Giorgi, current AFIP (IRS equivalent) Director and Nestor Kirchner confidant Ricardo Echegaray, and Argentine Central Bank President Martin Redrado. Former Economy Minister Miguel Peirano, now President of state-owned bank BICE, was asked to return to his old post and refused, according to what former National Director of Industry (under Peirano) Carlos Kadich told Econoff July 12.

16. (SBU) Although the President said in her June 29 press conference that she was not planning any immediate major cabinet reshuffle, the rumor mill has remained in overdrive. There has been speculation for ten months about a possible exit by Cabinet Chief Sergio Massa, and his potential replacements now include Interior Minister Florencio Randazzo, Labor Minister Carlos Tomada, and even former president Nestor Kirchner. Eduardo Fellner, current President of the Chamber of Deputies, and Justice Minister Anibal Fernandez are rumored to be possible replacements for Randazzo as Minister of Interior. Fernandez has also been mentioned as a possible replacement for Defense Minister Nilda Garre.

Comment

16. (SBU) While Jaime's departure, given the numerous criminal allegations against him, was welcomed by many, the fact that his replacement is close to De Vido, and that many of the possible replacements for other potential departures are Kirchner insiders, suggests that GoA policy is not about to take a significant new turn.

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